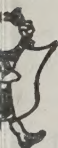


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Town Meeting



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World Leadership and the Merchant Marine

Moderator, JOHN MacVANE

Speakers

WARREN G. MAGNUSON

EDWARD L. COCHRANE

Interrogators

GEORGE HORNE

WALTER HAMSHAR

—★—
COMING

—June 2, 1953—

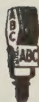
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World Leadership and the Merchant Marine

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The account of the meeting reported in this Bulletin was transcribed from recordings made of the actual broadcast and represents the exact content of the meeting as nearly as such mechanism permits. The publishers and printer are not responsible for the statements of the speakers or the points of views presented.

THE SPEAKERS' COLUMN

SENATOR WARREN G. MAGNUSON—Democrat of Washington. Warren G. Magnuson, Washington State's Senior Senator, at 47 is recognized as an outstanding authority on power and resources development and Pacific defenses. Born in Minnesota, Magnuson entered the University of Washington at the age of 17 and worked his way through law school by driving an ice wagon.

Still in his 20's, Magnuson was elected in 1932 to the Washington State legislature, where he was a leader in enactment of one of the first state public power bills in the nation, was author of the first unemployment compensation act, and initiated other economic and humanitarian legislation.

Four successive terms in the U.S. House of Representatives, broken only by service as a lieutenant commander with the Navy in the Pacific, was followed by election in 1944 to the United States Senate, and his re-election to the Senate in 1950.

Senator Magnuson is chairman of the Senate Subcommittee on Merchant Marine and Fisheries, and participated in preparing the recent Japanese Peace Treaty. He is the author and sponsor of many important bills including the Long Range Shipping and Waterfront Security Bills, the amendment protecting farm prices at support level from the impact of importations, and the school aid bill providing assistance in constructing school facilities in districts where federal activities overburden the existing educational systems.

VICE ADMIRAL EDWARD L. COCHRANE, U.S.N. (Ret.)—Dean of the School of Engineering, Massachusetts Institute of Technology. Vice Admiral Cochrane was born at Mare Island, California in 1892 and received his education at the University of Pennsylvania, the U.S. Naval Academy, from which he graduated with distinction, M.I.T. and the U.S. War College.

His early duties as a naval officer, beginning in 1914, related generally to ship design and construction. From 1935-42 he was Assistant Design Superintendent, Bureau of Construction and Repair and Bureau of Ships. In 1942 he became Chief of the Bureau of Ships after spending a year in London as Assistant Naval Attache. In the last year of his active service (1946-47), Vice Admiral Cochrane was Chief of the Material Division, Office of the Secretary of the Navy and a member of President Truman's Advisory Commission on the Merchant Marine.

From 1947-52 he was head of the Department of Naval Architecture and Marine Engineering at M.I.T., where he is now Dean of the School of

(Continued on Page 16)

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World Leadership and the Merchant Marine

Announcer:

Tonight Town Meeting comes to you from the United States Merchant Marine Academy at Kings Point, Great Neck, Long Island. Young men of high caliber come to this college from every corner of the United States and from Central and South American countries. After four years of thorough training, students graduate as merchant ship officers. King's Point Academy is the first maritime college to award a nationally recognized Bachelor of Science degree. Its initial course included fewer than 100 students. Today, its alumni number more than 10,000.

Incidentally, Friday, May 22, is International Maritime Day. A contingent of cadet midshipmen from the academy will march from Battery Park, up Broadway, to City Hall. Tonight, Town Meeting is proud to salute the United States Merchant Marine Academy at Kings Point and its graduate officers who are listening throughout the country and on the seas.

And now to preside as moderator for tonight's discussion, here is John MacVane, ABC radio and television news commentator.

Moderator MacVane:

You can't eat a meal, dress yourself, walk into a house, drive a car, or even pick up a baseball without touching something which has been brought to this country from abroad. I could be a little more specific and say, something produced here by the merchant ships of the United States.

What is happening to this Merchant Marine of ours? Is it relevant for our peacetime needs? Strong enough for our security in

case of war? These are some of the questions we will ask and answer tonight. And those answers concern everyone listening, for without our imports from across the seven seas, life as we know it in these United States would be impossible.

The young men in our audience are keenly concerned with the future of the Merchant Marine. They are the cadet midshipmen of the United States Merchant Marine Academy here at Kings Point, Long Island. Kings Point is the Annapolis of the Merchant Fleet, and if you saw this corps of cadets at an Army-Navy game you would see no difference between them and the Naval Academy undergraduates. As a matter of fact, they go into the Merchant Fleet on graduation, but they all hold commissions in the navy reserve. In emergencies, they move right into the navy wherever needed.

We have two real experts from the Merchant Marine here tonight for our questioning. There is Vice-Admiral Edward L. Cochrane. After a distinguished naval career, he went to the Massachusetts Institute of Technology to head the department of naval architecture and marine engineering. For the years 1950 to 1952, he was the first chairman of the Federal Maritime Board and a Maritime Administrator—that is, the top Merchant-Navy man in the government, and now he is back at MIT as Dean of the School of Engineering.

Our second speaker is Senator Warren G. Magnuson, Democrat, of the State of Washington. He is known as an authority on power and resources development and Pacific defense. Senator Magnuson

has been Chairman of the Senate Commerce Sub-committee for Maritime matters and he is author and sponsor of bills on long-range shipping and waterfront security. In World War II, he served as a naval officer. To question these two gentlemen, we have Mr. George Horne of the *New York Times* and Mr. Walter Hamshar of the *New York Herald Tribune*, but I will tell you more about them in a little while.

First we will hear from Admiral Cochrane. I think the Admiral is especially interested in the wartime value of the Merchant Marine.

Admiral Cochrane:

Mr. MacVane, that brilliant student of Naval history, Rear Admiral Alfred T. Mahan, over forty years ago pointed out so clearly and so impressively the dominating influence of sea power through our recorded history that we are apt to assume that sea power means naval power. Naturally it is only the reputability to receive a nation's needs from overseas and to deliver her military power in full strength on the enemy shores that counts.

We should deny the enemy the use of the seas, of course, but the main point is our own capacity to use the oceans for the safe passage of allied men and the cargoes that will win the war. It is the free movement of troop transports, cargo ships and tankers to the war zone and wherever else they need to go to support and supply our allies and ourselves that is really sea power.

A shortage of merchant ships has hampered us in every war so far. We built ships frantically in World War I and again in World War II. Some 13½ billions of dollars were spent on merchant-type ships during World War II.

We built nearly 6,000 merchant ships between 1939 and 1945. Most of these cargo ships could carry ten thousand tons of cargo on every voyage, as much as 200 railroad freight cars can carry. The United States has today, all told, only 3,400 merchant ships of which nearly 200 are in the national defense reserve fleet in mothballs.

I want to stress very clearly, however, that having ships alone is not enough. That is not the whole picture. We need an ample reserve of trained maritime personnel, loyal seafaring men, both licensed officers and unlicensed sailors and engine room men, and a naval shipping industry, with experienced management and shore side labor. We need efficient shipping terminal facilities with effective means for discharging and loading cargo, and shipyards for repairing ships and for building them.

We can rely in a measure on the ships of our allies, but for critical cargoes which must get through, experience has proved that reliance can best be placed in ships flying the Stars and Stripes.

Mr. MacVane: Thank you very much, Admiral Cochrane. Now I think we want to hear from the Senator. What's your thought of the Merchant Marine, Senator Magnuson?

Senator Magnuson:

I can't stress too much the importance of the American public being alive to the value and the importance itself of our American Merchant Marine. What Admiral Cochrane has so ably said is something that has, between wars or between times of national emergencies, usually been forgotten by the American people both politically and in public thought itself. I think that when people realize just

actly what the American Merchant Marine means to this country we will have a greater support keeping our Merchant Marine alive between these times of wars and national emergency.

Our Merchant Marine today is largely the result, not of building during the time of peacetime, it is the result of the fact that, during World War II, we had to do what we did to build up our merchant marine. To keep our merchant marine adequate and alive merely means that any future wars will be fought not on American soil but on soil someplace else as long as we keep control of the seas.

I think our big problem today, six years after World War II, is that our American Merchant Marine in my opinion is losing its so-called competitive advantage. We are running into the danger of what we like to call "block obsolescence." The other nations of the world which we can or cannot rely upon in case of future emergencies are rapidly building up merchant marines which are modern and new, and I think that the American public has got to become aroused, Congress has got to become aroused to the fact that we must keep this merchant marine adequate and not let happen what happened to us during the 20's, between World War I and World War II, when the American flag practically disappeared from the high seas of the world.

Mr. MacVane: Before we start putting you on the griddle, would you like to comment on each other's statements? Would you, Admiral Cochrane, like to comment on the Senator's statement?

Admiral Cochrane: I think there is no question, and the Senator has made it very clearly, that the memory of the people of this country

is apt to be short as regards to shipping needs in times of stress. We hear a good deal of discussion on that subject and queries as to why we need to have one in peacetime. As he pointed out, and as I tried to emphasize myself, it is not just having ships in the mothball fleet, it is having the means of a live industry, a live reserve which is required in time of war. They do have to be manufactured overnight.

Mr. MacVane: Would you like to comment on the Admiral's statement?

Senator Magnuson: It is a continuing process. It is continuing ships in reserve, building new ships, and keeping up with modern maritime techniques, and it is literally our fourth arm of defense, and what it costs the taxpayers to keep the merchant marine alive is small in comparison to some of the other things we do which we justify, we say, to keep America strong. And people are too apt to forget that this is the fourth arm of defense. All these young boys out here who are looking at us tonight—if something happens to this country, they are in the navy. Ninety-five per cent of all the tonnage handled in World War II was handled by the private Merchant Marine of the United States, and without that we wouldn't have won World War II.

Mr. MacVane: Each week on Town Meeting we ask our speakers to discuss a question sent in by a listener. This gives you an opportunity to participate directly in Town Meeting. Tonight's listener question comes from Dr. S. J. Schilling of 1435 East 75th Street, Kansas City 10, Missouri. Dr. Schilling will receive the beautiful 20 volume set of the American Peoples Encyclopedia. The question

is, "How can the United States develop and promote a merchant marine without encroaching upon the essential income of other members of the NATO organization and incurring their disaffection?" That is, the other allies of the United States in Europe. Would you gentlemen like to answer this? Admiral Cochrane.

Admiral Cochrane: I think that the crux of the question is in the word *essential*, which he very fortunately put into this question. I think it would be impossible to do shipping work with the ships of the flag of one nation without some disadvantage to the ships and to the income of another nation. It is true in shipping, as in many other fields, that where there is some protection for one area it is done at the handicap of others.

I remember some years ago discussing this very problem with a group of able American businessmen and the question of the automobile came up, and I suggested that we could save a lot of parking room in this country of ours, save a lot of gasoline, if we admitted more of the low-priced small European cars. Well, of course, that was met with complete disfavor from the American automobile manufacturers, but it seems to me that in this same question of essential income, the problems of the shipping business are exactly parallel with those of the other industries of this country.

Mr. MacVane: Senator Magnuson, what would you say about that question?

Senator Magnuson: Well, I think that there is room for all countries, countries that are essentially maritime countries, where their economy in some cases will rely more upon their maritime than we do,

percentage-wise, but I think there is room for all. But we have discovered this, and we can't lose sight of this fact, that if we are going to keep our leadership in a free world, it becomes our responsibility to do the kind of job we have to do, both defense-wise and otherwise, and without a merchant marine we can't do that; and I think we would be doing a disfavor to the other NATO countries if we let our merchant marine get below par. I think it is to their advantage that we have an adequate, strong merchant marine.

Mr. MacVane: I know our two questioners are waiting to get a chance at you two gentlemen. George Horne is the transportation editor of the *New York Times*. He has been covering shipping and the merchant marine for 28 years, a strange job for a man who comes from as far inland as Enid, Oklahoma. Walter Hamshar, the marine editor of the *New York Herald Tribune*, comes to his work more naturally. He grew up next to New York Harbor in Bay Ridge, Brooklyn. He has been at his present job for ten years. Mr. Horne, you are the senior in the Ship News Reporter's Association. What is your first question?

Mr. Horne: Both Senator Magnuson and Admiral Cochrane spoke of the forgetfulness of the American people between wars, as far as the necessity of a strong merchant marine is concerned. I would like to ask them whether or not they feel certain that it is forgetfulness and whether or not there isn't something more positive than the negative quality of forgetfulness and whether there isn't, let us say, active opposition to a strong merchant marine, and if so to what do they ascribe that?

Mr. MacVane: Could you put the

question to one or the other, George?

Mr. Horne: Yes, I would like to ask Senator Magnuson.

Senator Magnuson: Well, I think there are all kinds of factors involved. I think *forgetfulness* is probably not the right term, but a great deal of this comes from the fact that the appreciation of the value of the merchant marine has not been impressed on a lot of people. It sometimes even in this country becomes geographical. The people in Oklahoma are not conscious of the value of the American merchant marine as much as the person who lives right in the State of Washington, where we are conscious of the merchant marine every day, and looking right at it.

Then I must say frankly some of it has been the cause of the operators of the merchant marine themselves, during periods when they haven't been able to get together in the interests of the whole. This business of running ships is somewhat competitive and the result has been that they fight among themselves too much.

Then, as Admiral Cochrane will tell you, we've had some pretty bad scandals in the merchant marine and that has resulted in the average person thinking they are all a bunch of crooks, they are all getting lots of money from the government and they are all getting rich, which is not true when you think of the merchant marine as a whole. I think there has been a lot of bad publicity in the last two or three years which has caused a lot of people to shy away from it. Very few people realize what it costs us to run a merchant marine. I have the figures here. From '38 to '48, we spent one billion, 205 million dollars on dairy and butter products alone, as com-

pared to 35 million, 515 thousand to keep the whole merchant marine alive.

I like to think the subsidy cost of the merchant marine, Admiral Cochrane can correct me, might be one good heavy cruiser, and I don't think there's any comparison to the value.

Mr. MacVane: Walter Hamshar, do you have a question?

Mr. Hamshar: Yes, I have. Senator Magnuson has touched on the subject of a subsidy and I thought that I would develop that aspect by asking one or two questions along that line of Admiral Cochrane who, as we know, was also head of the Federal Maritime Board for some years and was closely connected with the administration of such subsidies. First of all, maybe we ought to enlighten our audience here and on the air on what subsidy is, and why it is needed, and then I would like to put my little question in, "Should they be confined to just a few companies?"

Mr. MacVane: What about that, Admiral?

Admiral Cochrane: Well, Mr. Hamshar, the subsidies are, of course, a very carefully evolved plan to establish parity in certain basic elements of ship costs for ships operated under the American flag, with American officers and seamen, American food, American ship repairs and so on, American insurance, which are somewhat higher than the costs of operating ships under a foreign flag. The subsidy is to make up to American operators the equivalent costs of ships of various flags which are sailing on routes in direct competition with these American ships. There are just these five items in which the subsidy is established. It is possible for others, but so

far none have ever been used except those five.

In the ship building game, of course, there is a formula which appears to be quite complete, quite satisfying, but which has been proved to be very difficult of administration to make up for the difference in cost of a ship built in the United States, in American yards, as compared with building that same ship in a competitive foreign yard. That is a very involved problem. It involves estimates difficult to make, and determinations of fact which are extremely difficult. We have in the audience here tonight a man who helped us in attempting to solve one of those problems on the cost of the *Independence* and the *Constitution*.

Those subsidies are carefully broken down, conscientiously developed, but difficult to do, so that they are entirely free of criticism. But it is important to do that. That is a small price to pay to have the American Flag ships operating on trade routes which assure to American manufacturers and the people who travel sustained, continued fair transportation of their products overseas, or the import of the products that they need to this country.

In regard to your question of whether this subsidy should be limited to a few companies, that involves difficult problems, and it is so far the view that it should be pretty well limited to the companies that are sailing on the so-called liner services where they are required to maintain a certain level of service, a certain number of voyages per year, whether they have cargoes to fill the ships or to give them a satisfactory trade or not. They incur certain obliga-

tions in accepting subsidy contracts and get certain protection in return therefor.

On the other hand, ships that are not on a regular route, if they run into difficulty or the market drops, are at liberty to close ships up or to move them into another service that isn't available to those who are on the liner service and are limited in the area which they can cover.

Mr. Hamshar: Well, I would like to ask Senator Magnuson, if I may, to develop along the same lines, what he thinks about extending subsidies further; for instance to tramp ships which are not on the essential routes—they go wherever the business is. But at the moment we have some 200 tramp ships in operation in competition with foreign tramp ships. They can't possibly exist in normal times unless there were some way of keeping parity and they are now asking for subsidies.

Senator Magnuson: Well, of course I have been a great believer in the extension of subsidies to other ships, including tramps. And I have legislation to that effect introduced in Congress which the committee is going to take up, I think, in about two weeks—hearings on the whole matter. Of course it is somewhat limited to the amount of appropriation we can get, but I think the time is coming, in order to keep the American merchant marine alive, in which the opportunity for subsidy is going to have to be extended to all ships flying the American flag.

Mr. MacVane: George Horne, do you have a question here?

Mr. Horne: Yes, I would like to ask Senator Magnuson on that point, whether or not he agrees with the view that has been ex-

pressed recently. I believe Senator Tobey said that we may find it necessary in time even to subsidize the domestic shipping segment, coastwise shipping, and intercoastal shipping, which before the war represented the important nucleus of the merchant marine. I believe the merchant marine had 63-65% domestic, coastwise and intercoastal trade. The value of that large segment of our merchant marine in the war was amply proved because those were the ships that we had available immediately when the war broke out. Would you, Senator Magnuson, favor or consider extending the subsidy to coastwise shipping?

Senator Magnuson: Well, I not only favor it but I think we are going to have to come to that, and that isn't anything startling. We have subsidized—the United States government in our history—subsidized all forms of transportation. The airlines, the railroads have all been started because of subsidies and kept alive. As they moved westward we gave them every other section of land. All the airlines have been subsidized. All means of transportation. And if we are going to keep water transportation alive, I think we are going to have to come to the realization that we are going to have to do something for it. I don't know how many intercoastal shipping companies have folded up, one folded up here the other day. The American Hawaiian—wasn't it? I think that we have got to come to that realization, and what it costs us for the value received in my opinion is money well spent.

Admiral Cochrane: I think there is one point that the Senator probably omitted through modesty, and that is the fact that he has

been the one who has insured that a substantial proportion of the Mutual Security Administration cargoes outbound from this country were carried in American flag ships. That assured cargo to those ships, assured that they were in business, and while the rates were effective they have done very well.

Senator Magnuson: Over the opposition of the State Department, both Republican and Democrat.

Admiral Cochrane: But still thanks to Senator Magnuson, it has been done, and has been a great boon to our success and it has been one thing that has kept us going over the past two or three years.

Mr. Hamshar: I would like to ask this of Admiral Cochrane and then of Senator Magnuson, too, if he would like to say something. We have read a lot and heard a lot about the construction subsidy of the *United States*, the superliner *United States*, and also of the liners *Independence* and *Constitution*, being too high. As a matter of fact, the settlement of those subsidies is still up in the air and will probably go to a federal court before it is finally adjusted. Do you think that they were too high, Admiral Cochrane?

Admiral Cochrane: I do not. As a matter of fact, I made myself a record to that effect officially and I repeat it here after nearly a year of deliberation on the subject. The *United States*, the nation, acquired in the SS *United States*, the ship, a wonderful attribute, not only as an element of prestige but as a military asset. That ship would not exist, would not be available today, had the subsidy not been set up as it was. The major features that were incorporated into

the design of that ship are very substantial. As a matter of fact, her full power, her full speed has never been disclosed for reasons which are quite clear, I think, to everyone.

Of the other two ships, they are valuable as troop ships and goodness knows we lost enough during the war so that today we are quite deficient in that area. They are splendid ships, and the issue in that case is largely resolved into one of the relative economic situation of two countries. The General Accounting office has taken the position that the arbitrarily set official exchange should be the governing determination, whereas the Federal Maritime Board in a very careful study of the whole affair believed that a more substantial ratio between the economic conditions of the two countries was established by the International Exchange, which was almost free market, not exactly, and that's the issue in that case. The issue of the *United States* was substantially the amount that was paid for her national defense features. But in both cases, as a result of the decisions that were made, the ships exist and they are in my judgment invaluable to the American merchant marine and the United States.

Mr. MacVane: Did you want to say something on that, Senator Magnuson?

Senator Magnuson: Well, of course, I agree with Admiral Cochrane on what he said about it, because he was involved in it as I was for a time, but I think the real harm that was done in this controversy was that I think it scared a lot of people from going ahead with plans for ship construction. We only built six passenger ships since World War II,

and we are sadly deficient in passenger ships in this country, and I think it scared away some people—operators—who might have gone ahead had this controversy not arisen. And I think frankly, I've said this privately and publicly that the General Accounting Office was arbitrary in the matter, and did a lot of harm to the American merchant marine.

Mr. MacVane: In just a moment, we will have questions from our audience but first I would like to get in just one question. During the presidential campaign, President Eisenhower promised that the American Merchant Marine would be revitalized and expanded. I would like to know why, in view of this, the Secretary of Commerce has eliminated the \$118 million ship construction program from the Maritime Administration budget for 1954. I wonder if you, Senator, could answer that.

Senator Magnuson: I can't answer that. I would like to know why, too. After the statements that were made regarding the merchant marine, I hope they will change their minds. They not only eliminated that, but they have eliminated further appropriations, and we now have the problem over in the Senate of having to put in the bill some place along the line, enough to permit the Maritime Board even to fulfill the commitments they have made. I can't understand that either. As a Democrat I might tell you some other opinions I have about it, but otherwise I
(Laughter.)

Mr. MacVane: Can you say anything about that, Admiral?

Admiral Cochrane: Well, I only want to point out that I left that administration last September, so that my knowledge is only what I have been able to surmise from

the news. But I believe that this question which has bothered the present administration is whether it might not be possible to raise some of the capital to build these ships from private sources, rather

than from the federal government, which is the scheme that has been used so far, with advantage to the shipping companies, but I think without too much disadvantage to the government.

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QUESTIONS, PLEASE!

Mr. MacVane: And now the questions from our audience. In our audience, as well as the cadet midshipmen, we have some members of the World Trades Council. The first question.

Questioner: My question is to Admiral Cochrane. Admiral, which is the more important role of the Merchant Marine—as an instrument of trade in time of peace, or as the auxiliary force in time of war?

Admiral Cochrane: I think that is a very difficult question to answer. It's like deciding which is the more important role for the cadet midshipmen at Kings Point. When we are at peace, manifestly the economic value is the greater, but should unhappily war come, then that fades clearly into the background and military value is transcending. It depends upon circumstances which are not in our control. In other words, whether we are at peace or whether we are at war.

Questioner: I would like to ask a question of Senator Magnuson. Sir, if the existing tariffs protecting American industry today are abolished, do you think that the restrictions against the use of foreign ships in our intercoastal commerce should necessarily be abolished?

Senator Magnuson: I don't think so, but I don't think we will ever

abolish all those restrictions. I would answer your question *no*, placing it as you do.

Questioner: Mr. Moderator, I should like to ask Senator Magnuson and Admiral Cochrane: For world peace, why not transport to Europe at cost price millions of students and underpaid teachers on the now mothballed troop ships and converted freighters, and in this respect on the return trips bring the Europeans over here so that they would see what we are like, too?

Admiral Cochrane: Well, I'll try that, but it is a long, broad question. Manifestly it's expensive to move large numbers of students, large numbers of teachers, overseas in any sort of ship. The fact that the government happens to own these troopers doesn't remove the cost of operating them. It is likewise true that it takes funds to support these people when they get to Europe. I've been a great believer in the exchange of visits between citizens of the United States and the various friendly foreign nations. I think a great advantage derives from that and I think that much is done along that line through the Fulbright scholarships and so on. That more can be done, of course, depends on money and as you know at the moment that commodity is becoming

ing more highly valued than it has been heretofore.

Questioner: Couldn't they be transported by their cost?

Senator Magnuson: Well, I must just say for your benefit that we have been hopeful and Admiral Cochrane when he was chairman of the board was very sympathetic that we would be able to induce operators to either take some of these ships and reconvert them, or build a type of ship whereby the costs would be reduced to a minimum, so that these people who wanted to do this could do it at a cheap cost. It's too high now. We are hopeful that we can carry out that program. I think it would be very valuable.

Questioner: On the \$52,000,000 ship that we gave, the *United States*, Admiral, that was only for the well-to-do people, and not for those 10,000,000 families in this country that have only a \$2,000 a year income or less.

Admiral Cochrane: Oh, I'm sorry but you are quite wrong about that. The *United States* has accommodations for well-to-do but also for tourist passengers and for cabin-class passengers. And it is possible to travel on her without too much expense.

Mr. MacVane: I think we have another question over here, and I might remind our audience that you can also ask questions of our two newspapermen up here as well, if anyone wishes to.

Questioner: My question is directed to the Senator. Do you really feel that there is any stock in the belief that aid to the merchant marine is in violation of American free enterprise system?

Senator Magnuson: Well, of course not. All so-called free enterprise in the United States has

been aided or subsidized or protected by our government and that is all we're doing to the so-called private American merchant marine.

Questioner: My question is to Admiral Cochrane. Admiral, do you think that the building of more new type ships such as the *mariner* class, will be sufficient to restore American supremacy on the high seas?

Admiral Cochrane: Well, of course the *mariners* are splendid ships. I think they are unparalleled as cargo ships in the world today. I believe that more of them should be built. I think that when they are, they can be absorbed in the industry in certain trade routes, not in all; and I thoroughly favor their being built.

Senator Magnuson: I might say that if it wasn't for Admiral Cochrane and men that had some vision and faith in the merchant marine, that's about all we've got on the ways right now, the *mariner* ships.

Question: You might also point out that the *mariner* ships are the biggest freighters in the world.

Questioner: I would like to address a question to Senator Magnuson. Our ships are rapidly becoming obsolete, Senator. What steps can be taken to correct this situation?

Senator Magnuson: Well, the steps that we tried to take and you have heard them mentioned here tonight are so-called Long Range shipping bills which we hoped would be an inducement for people to go ahead and build ships extending the construction subsidy. Subsequent events, as I have said, have dampened the ardor of these people to go ahead. But we hope to settle the so-called tax problem. The Long Range bill is now part

of the 36th Act and we've got to do something because we'll have block obsolescence of our whole merchant marine fleet if we don't. Eighty-three per cent of the privately owned American fleet was war-built ships, which will become obsolete almost at the same time. And we have only today on the ways, the ship-building ways in this country, such few ships that come 1955, there are no future orders for shipbuilding in the whole United States of cargo ships—some tankers. That is how serious it is.

Questioner: I have a question for Admiral Cochrane. Is America's relative position in world shipping rising or declining?

Admiral Cochrane: It is declining. It still has a total tonnage of about 30% of the merchant ships of the world, but more than half of them are in the mothball fleet; whereas the ships of the other nations are rapidly increasing.

Questioner: My question is addressed to Senator Magnuson. Senator, do you have any idea of the extent to which U. S. foreign aid is used to subsidize foreign merchant fleets and their training programs?

Senator Magnuson: Well, of course, it is used, and there is always an argument waged as to the use of what we call counterpart funds, but naturally if we give some foreign aid, say to Great Britain, to use to rehabilitate herself, or foreign aid to any country, whatever percentage of that is used for shipbuilding of course is directly competitive with us.

Questioner: This may be a duplication, Admiral, but I would like to know what you consider the most important justification for our government's aid to the merchant marine—the wartime needs

for a merchant marine as a naval auxiliary, or as a peacetime organization.

Admiral Cochrane: I am quite clear, I think, that the military need is the transcending one. I believe also that there is a great deal of economic value in the merchant marine in the fact that by having it and having our ships on the trade routes of the world and available for other services, we can assure the delivery of American cargoes either to the United States or overseas without question of having to get permission of some foreign nations. We are also, by that means, involved in the shipping conferences the world over, which gives us a right to consider at least the freight rates that are set for all delivery of goods, on all overseas traffic.

Senator Magnuson: You might add, Admiral, that all other countries that have merchant marine, protect and subsidize their maritime to an even greater extent than we do. We are pikers compared to some of the rest of them.

Questioner: I have a question for Senator Magnuson. What effect do you think the revision of the Merchant Marine Act of 1936 will have on the position of the United States in the maritime industry?

Senator Magnuson: I think the '36 act was basically a good act. I think anyone of our experts here—the newspapermen and Admiral Cochrane and all of us—will agree it's basically a good act. It needs to be changed occasionally to bring it up to date like any major piece of legislation, but I think we have to continue with the basic concept of the '36 act.

Mr. MacVane: But that is being expanded.

Senator Magnuson: Oh, yes, the

Long Range bill, my Long Range bill amended it. We have some amendments this year, but basically it was a good act and it has established a maritime policy that I think this country should carry out.

Mr. MacVane: Thanks, gentlemen, for your fine discussion and thanks also to Rear Admiral Gordon McLintock, his staff officers, and this audience here at Bowditch Hall for their very pertinent questions.

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FOR FURTHER STUDY OF THIS WEEK'S TOPIC

Background Questions

1. How does the United States rate as a maritime power?
 - a. What percentage of the world's shipping does our Merchant Marine constitute?
 - b. Evaluate its competitive status with regard to other maritime nations.
 - c. Compare the post-war and pre-war tonnages of the U. S. merchant fleet. Other maritime nations.
2. What is the relationship between our merchant ships and the national defense?
 - a. Evaluate the contribution of our merchant ships during World Wars I and II. What have those experiences taught us about the defensive value of the American Merchant Marine?
 - b. Do the ships built during World War II have a place in our peacetime national economy?
 - c. What was the distribution of these ships after the war? What percentage of American shipping was sold to foreign countries? is operated by American lines? is being kept in reserve for national defense?
3. Does a large American Merchant Marine make sense in strictly economic terms?
 - a. Does our economy require a shipbuilding industry? If so, how extensive?
 - b. Aside from making provisions for another emergency, what part should our ships play in our commercial life?
 - c. The Merchant Marine Act of 1936 and the Ship Sales Act of 1946 envision a fleet "sufficient to carry the U. S. domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the U. S.?" How much is "substantial"?
 - d. Are emergency-type ships well suited for highly competitive commercial operations?
4. Can an expanding Merchant Marine make possible an expanding foreign trade? If so, how?
 - a. Or, is the volume of international trade dependent upon the level of industrial activities; the volume, composition and direction of world trade; national trade policies, etc.?
 - b. What bearing will the outcome of the current consideration of future trade policy (e.g. renewal of the Reciprocal Trade Agreements Act) have on the future of the American Merchant Marine?

5. In view of our comparatively high construction and operating costs, should we abandon our ocean traffic to low priced foreign shippers?
 - a. What does subsidization of our shipping cost us? What kinds of subsidies are involved?
 - b. How do subsidies given to shipping compare with those given to airlines, railroads, and other industries?
 - c. Does the Merchant Marine Act provide for a precise determination of the amount of the construction differential subsidy? If so, can this be done? Or, does the uncertainty regarding conditions both at home and abroad make this virtually impossible?
 - d. Are current subsidies low in view of increasing operation costs?
 - e. Does the subsidy place a premium on the appearance of poverty? Or, does it offer an inducement to efficiency?
 - f. Evaluate the recent dispute between government agencies over a proper subsidy formula. Is it true that the Maritime Adm. was making excessive and unnecessary payments to ship operators under the subsidy program?
6. What effect has the emergence of the U. S. as a maritime power had upon our allies?
 - a. Do those who rely on their shipping as a principal source of income, view with alarm our attempts to compete?
 - b. Would our foreign commerce be better served by letting other maritime nations carry our goods?
 - c. If a larger portion of our overseas trade were allocated to foreign ships, would the buying capacity of the nations involved be enhanced thereby?
 - d. How much net dollar exchange is earned by foreign nations in carrying American goods?
 - e. Do other nations subsidize their shipping? If so, to what extent?
 - f. Is it true that our huge Merchant Marine, built during the war, is gradually being priced out of its top place by foreign competition?
7. Are the exchange requirements of foreign countries as important to our security as the size of our merchant fleet?
8. Do the requirements of security bear any relationship to the needs of trade? If so, what is the relationship? If not, which should be our paramount consideration?
9. What effect will the re-emergence of Germany, Japan and Italy as maritime powers have on our potential as a maritime nation?
10. Evaluate the competitive capacity of the American Merchant Marine with regard to dry-cargo vessels, tankers and passenger liners.
 - a. Is there a passenger shipping shortage today?
 - b. If so, is this curbing American travel abroad and foreign dollar income?
11. Are our shipping lines subject to competition from domestic air-lines and land transport systems as well as from foreign shipping?
12. Should the U. S. Gov't formulate a more stable policy with regard to the Merchant Marine?
 - a. Are we doing all we should to promote and preserve our ship-building skills?
 - b. Can we devise a system of continuous replacement of obsolescent cargo and passenger vessels?

- c. Should seamen be exempt from the draft and be given war service recognition?
13. During the 1952 presidential campaign, Eisenhower promised that "under our Republican leadership the American Merchant Marine, which has been so often in the past neglected, will be revitalized and expanded." What steps have been taken to fulfill that promise so far?
- a. Why did Sec'y of Commerce Weeks eliminate the \$118 million ship construction program from the Maritime Adm. budget for fiscal 1954?
 - b. Why did Sec'y Weeks ask for \$65 million (an increase of \$40 million over the Truman budget) to finance operation subsidies in the coming fiscal year?
 - c. The *Wall Street Journal* of 5/9/53, states that the Adm. "would like to see the Gov't abandon its present role of financing ships and stick merely to payment of subsidies." If this is true, what does it mean in practical terms?

THE SPEAKERS' COLUMN

(Continued from page 2)

Engineering. On leave from 1950-52, he became first Chairman of the Federal Maritime Board and Maritime Administrator during that period.

Vice Admiral Cochrane is a trustee of Brookhaven National Laboratories. He is on the advisory board of the U.S. Merchant Marine Academy and the Naval Historical Foundation. His organization memberships include the American Society of Naval Engineers, the U.S. Naval Institute and the National Academy of Sciences.

Interrogator—WALTER HAMSHAR—Marine Editor, New York *Herald-Tribune*. Mr. Hamshar began reporting for the New York *Herald-Tribune* while still a freshman at New York University. By day he studied mathematics, English and other college subjects; by night he chased ambulances and fire engines in covering the police beat in Harlem. He continued his police reporting activities for a while after graduation until he was assigned to general news reporting in 1939.

Four years later he was assigned to editing and writing marine news and he has been covering ships and writing about the men who sail, operate and load them ever since. This was an assignment especially to his liking, for ships had fascinated him since his boyhood days in Brooklyn.

During World War II Mr. Hamshar reported for his newspaper the most spectacular shipbuilding effort of all time. This was the construction program which saw an average of four or five merchant ships sliding down the ways every day for over a year. It was these ships that carried food and supplies to our military forces and our allies. Since the war Mr. Hamshar has written about the construction and voyages of the great new liners *Constitution*, *Independence* and *United States*. He sailed the record-breaking maiden voyage of the last, sending daily stories of the event to the *Herald-Tribune*.

Interrogator—GEORGE HORNE—Transportation Editor, New York *Times*. George Horne has been covering shipping and transportation in the Port of New York for more than 25 years, excepting for the war years when he was a war correspondent for the New York *Times* in the Pacific areas, serving principally with the Navy.

He is 50 years old. A native of Austin, Texas, he grew up and was educated in Enid, Oklahoma. He received an A.B. in Enid from Phillips University, in 1924. He taught school for a year in Kingfisher, Oklahoma and in 1925 came to New York to Columbia University, receiving a Master's degree in the Columbia School of Journalism in 1927. He joined the New York *Times* in the same year and in 1928 was put on the ship news staff, covering the shipping industry and the arrival and departure of liners. He was made ship news editor after World War II, and two months ago (March '53) was named transportation editor, when shipping, aviation and other transport news departments were merged.